



Abridged Prospectus

Initial Public Offering





MTN UGANDA LIMITED

**(A public limited liability company
incorporated in Uganda on 25 February
1998 with Registration No. P.498)**

Abridged Prospectus in relation to an offer for sale of 4,477,808,848 ordinary shares with a par value of UGX 1 each at an offer price of UGX 200 per share, and listing of the entire issued share capital of MTN Uganda Limited on the Main Investment Market Segment of the Uganda Securities Exchange

**Date of issue of Abridged Prospectus:
11 October 2021**

Caution

This is an abridged version ("**Abridged Prospectus**") of the Prospectus ("**Full Prospectus**") issued by MTN Uganda Limited ("**MTN**" or the "**Company**") in respect of:

- a) an offer for sale by MTN International (Mauritius) Limited of 4,477,808,848 ordinary shares with a par value of UGX 1 each in the share capital of MTN at an offer price of UGX 200 per offer share; and

*(the "**Offer**", with the shares available for the Offer being the "**Offer Shares**" and the Offer price being the "**Offer Price**")*

- b) the subsequent listing of MTN's issued share capital (the "**Shares**") on the Main Investment Market Segment of the Uganda Securities Exchange (the "**USE**").

*(the "**Listing**", with the Offer and the Listing being the "**Transaction**").*

The Full Prospectus is available on MTN's website and from the Authorised Selling Agents. This Abridged Prospectus is not a substitute for the Full Prospectus, and potential investors MUST read the Full Prospectus in its entirety. This Abridged Prospectus does not contain all the information generally required of a prospectus and is a shortened version. In the case of any inconsistencies, the terms and conditions of the Full Prospectus shall apply.

Permission has been granted by the CMA to offer to the public the Offer Shares. As a matter of policy, the CMA does not assume responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this Abridged Prospectus. The approval of this Abridged Prospectus by the CMA is not to be taken as an indication of the merits of the Company or its shares.

If you wish to apply for Offer Shares in terms of the Offer, then you must follow the procedures for application and payment set out in **Section 18 (Terms and Conditions of the Offer)** of the Full Prospectus. Prospective investors should carefully consider the matters set forth under **Section 8 (Risk Factors)** of the Full Prospectus.

11 October 2021

Introductory

Abridged Prospectus in respect of:

- a) an Offer for sale by MTN International (Mauritius) Limited of 4,477,808,848 ordinary shares with a par value of UGX 1 each in the share capital of MTN at an Offer Price of UGX 200 per Offer Share; and
- b) the Listing of MTN on the USE.

Application period opens ("Opening Date")	11 October 2021
Application period closes ("Closing Date")	22 November 2021
Listing ("Listing Date")	6 December 2021

The Allocation Policy of the Offer provides that Applications from Ugandan Retail and Professional Investors shall be given priority, including in the event of Oversubscription.

Application has been made to the USE for the Listing of the Shares on the Main Investment Market Segment of the USE. Admission to the Official List of the USE is expected to become effective on the Listing Date. Application funds paid in respect of any application for Offer Shares will be returned if the Listing does not become effective.

The USE assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this Abridged Prospectus.

The Offer Shares will carry the right to vote and to participate in all future dividends to be declared and paid on the issued ordinary share capital of the Company. The Offer Shares rank equally with other Shares, are freely transferable and are not subject to any restrictions on marketability or any pre-emptive rights.

Date of issue of Abridged Prospectus: **11 October 2021**

A. Responsibility Statements

MTN accepts responsibility for the information contained in this Abridged Prospectus. To the best of the knowledge of MTN (having taken all reasonable care to ensure that such is the case), the information contained in this Abridged Prospectus is in accordance with the facts as at the date of this Abridged Prospectus and does not omit anything likely to affect the import of such information. MTN cautions that this Abridged Prospectus is not a substitute for the Full Prospectus, and potential investors MUST read the Full Prospectus in its entirety.

The Transaction Adviser acknowledges that based on all the available information and to the best of its knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning the Offer. The Transaction Adviser has satisfied itself that any profit and cash flow projections, for which the Directors are fully responsible, prepared for inclusion in this Prospectus have been stated by the Directors after due and careful inquiry and have been reviewed by the Reporting Accountants.

B. Forwarding-Looking Statements

This Abridged Prospectus contains forward-looking statements relating to the Company's business. These forward-looking statements can be identified by the use of forward-looking terminology such as "believes", "expects", "may", "is expected to", "will", "will continue", "should", "would be", "seeks" or "anticipates" or similar expressions or the negative, or other variations or comparable terminology, or by discussions of strategy, plans or intentions.

These statements reflect the current views of the Company with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance, or achievements of the Company to be materially different from the future results, performance or achievements that may be expressed or implied by such forward-looking statements. Some of these factors are discussed under **Section 7 (Risk Factors)**.

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1. Advisers to the Offer

Transaction Adviser



SBG Securities Uganda Limited
Crested Towers
Plot 17, Hannington Road
KAMPALA

Legal Adviser



S&L Advocates (formerly Sebalu & Lule)
S&L Chambers
14, MacKinnon Road, Nakasero
KAMPALA

Legal Counsel to the Selling Shareholder



Bowman Gilfillan
11 Alice Lane, Sandton, Johannesburg
P O Box 785812, Sandton, 2146
SOUTH AFRICA

Reporting Accountant



KPMG Certified Public Accountants
3rd Floor Rwenzori Courts
Plot 2&4A Nakasero Road
KAMPALA

Lead Sponsoring Broker



SBG Securities Uganda Limited
Crested Towers
Plot 17, Hannington Road
KAMPALA

Lead Receiving Bank



Stanbic Bank Uganda Limited
Crested Towers
Plot 17, Hannington Road
KAMPALA

Share Registrar



Uganda Securities Exchange Nominees Limited / SCD Registrars
Plot 3-5 New Port Bell Road,
UAP Nakawa Business Park,
Block A, 4th Floor,
KAMPALA

Communications Consultant



TBH Holdings Limited
Plot 41, Luthuli Avenue
KAMPALA

2. Corporate Information

MTN Uganda Corporate Information	
Registered Business Address	Plot 69/71, Jinja Road, Kampala
Directors	Mr. Charles Mbire
	Ms. Karabo Nondumo
	Ms. Yolanda Cuba
	Mr. Sugentharen Perumal
	Mr. Wim Vanhelleputte
Mr. Andrew Bugembe	
Company Secretary	Ms. Enid Edroma
Auditors (for the audit of the past five annual financial statements)	PricewaterhouseCoopers CPA 1 Colville Street, Communications House, 10 th Floor KAMPALA

3. Tables and Figures References

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4. Definitions

The following definitions apply to this Abridged Prospectus:

Definitions	
"Abridged Prospectus"	means this document which is a summarised version of the full Prospectus;
"Allocation Policy"	means the basis upon which the Selling Shareholder allocates Offer Shares to the Applicants, as described in more detail in Section 8.6 (Allocation Policy) of this Abridged Prospectus;
"Applicant"	means a legal entity or natural person who applies for Offer Shares in accordance with the process set out in this Prospectus, and includes a Qualifying Applicant;
"Application"	means an application for Offer Shares submitted through the m-IPO Platform, the USE Easy Portal or the Application Form;
"Application Form"	means an application form in respect of Offer Shares submitted to the Authorised Selling Agents by physical or electronic means;
"Authorised Selling Agent(s)"	means the brokers and dealers listed in Appendix A of this Abridged Prospectus;
"Bank of Uganda"	means the central bank of Uganda, established by the Constitution of the Republic of Uganda 1995 (as amended) and the Bank of Uganda Act (Cap. 51);
"Board"	means the current directors of MTN, whose names are set out in Section 2 (Corporate Information) of this Prospectus;
"Closing Date"	means 22 November 2021, being the last day for acceptance of Applications for the Offer Shares, or such other date as may be amended by the Selling Shareholder;
"CMA"	means the Capital Markets Authority of Uganda, a statutory body established under the Capital Markets Authority Act (Cap. 84) (as amended) and responsible for the development and regulation of all aspects of the capital markets in Uganda;
"CMA Act"	means the Capital Markets Authority Act (Cap. 84), as amended by the Capital Markets Authority (Amendment) Act 2011 and the Capital Markets Authority (Amendment) Act 2016;
"Company" or "MTN"	means MTN Uganda Limited, a public limited liability company incorporated in Uganda on 25 February 1998 with registration number P.498;
"Companies Act"	means the Companies Act 2012;
"East African"	means a natural person who is a citizen of an East African Community Partner State or a corporate entity incorporated under the laws of, and domiciled in, any East African Community Partner State;
"East African Community"	means the regional intergovernmental organization whose current member states include Uganda, the Republic of Kenya, the United Republic of Tanzania, the Republic of Rwanda, the Republic of Burundi and the Republic of South Sudan, set up by the Treaty for the Establishment of the East African Community dated 30 November 1999 (as subsequently amended), with its headquarters in Arusha, Tanzania;
"EBITDA"	means MTN's earnings before interest, tax, depreciation and amortisation;
"Eligible Employee"	means an Applicant who is a permanent employee of MTN between six months prior to the date of the Prospectus and the Closing Date and includes an executive Director, and the term "Eligible Employees" shall be construed accordingly;

Definitions	
"Eligible MTN Customer(s)"	means a MTN Customer who is a natural person whose NIN and registration details have been verified against the NIRA database and in respect of whom a copy of the national identity card issued by NIRA is maintained in the MTN customer database;
"Existing Shareholders"	means MTN International and Charles Mbire;
"Foreign Investors"	means Retail Investors and Professional Investors who are not Ugandan or citizens of the other East African Community Partner States;
"Full Prospectus"	means the full Prospectus dated 11 October 2021 in relation to the Offer;
"GOU"	means the Government of Uganda;
"Incentive Shares"	means, as determined pursuant to the terms and conditions in Section 8.8 (Incentive Shares) of this Abridged Prospectus, the number of the Offer Shares made available by the Selling Shareholder and proposed to be transferred at nil cost to eligible categories of Ugandan and East African Retail Investors and Uganda and East African Professional Investors as an incentive to encourage such investors to apply for more Offer Shares;
"Listing"	means the listing of the Shares on the USE, pursuant to the Offer, on or about 6 December 2021 and "Listing Date" shall be construed accordingly
"m-IPO Platform"	means the channel through which Eligible MTN Customers can open a SCD Account and apply for Offer Shares using either the USSD Code *165*65# or the MyMTN App , as more particularly described in Section 8 (Terms and Conditions) of this Abridged Prospectus;
"Mobile Money Company"	means MTN Mobile Money (U) Limited, a private company limited by shares and incorporated in Uganda on 27 November 2020 with registration number 800200004662 and formed for the purpose of acting as a payment systems operator for electronic money systems and as a payment service provider for electronic money issuance in accordance with the NPS Act;
"MTN Customer"	means a natural or artificial person with a validly registered and verified MTN SIM-card;
"MTN Group"	means MTN Group Limited, a multinational mobile telecommunications holding company incorporated under the laws of South Africa with registration number 1994/009584/06 and listed on JSE Limited; and the ultimate beneficial owner of MTN owning 96% of MTN through 100% ownership of MTN International Proprietary Limited, a company incorporated under the laws of South Africa with registration number 1998/002351/07, which holds a 100% stake in MTN International;
"MTN International"	means MTN International (Mauritius) Limited, incorporated under the law of Mauritius with registration number 19434/3597 and which acts as an investment holding company for MTN Group. MTN International is the direct majority shareholder (with 96% shareholding interest) of MTN;
"MTN Mobile Money"	means MTN's mobile financial services offering, conducted by the Mobile Money Company, and which entails the use of MTN communications apparatus to transfer cash, manage a stored value account and make deposits or withdrawals in a payment system;
"National Broadband Policy"	means the official GOU policy dated 17 September 2018, developed by the Ministry of ICT, regarding the development and deployment of broadband infrastructure in Uganda so as to enable countrywide connectivity and related matters;
"NIN"	means a national identification number issued by NIRA;
"NIRA"	means the National Identification and Registration Authority the statutory authority established under the Registration of Persons Act 2015 which is responsible for registration of persons in Uganda and maintain a national identification register;
"NPS Act"	means the National Payment Systems Act 2020;

Definitions	
"NTO Licence"	means the National Telecommunications Operator Licence (as amended) issued to MTN by UCC for MTN to establish, install, operate, lease and sell telecommunications systems and to provide telecommunications services as a designated national telecommunication operator in Uganda for the period 1 July 2020 to 30 June 2032;
"Offer"	means the offer by the Selling Shareholder of the Offer Shares at the Offer Price;
"Offer Period"	means the period commencing on the Opening Date and ending on the Closing Date, as may be amended or extended pursuant to Section 8.1 (Offer Timetable) of this Abridged Prospectus;
"Offer Price"	means UGX 200 per Offer Share;
"Offer Shares"	means the 4,477,808,848 Shares in the Company owned by the Selling Shareholder and which are subject of the Offer;
"Opening Date"	means 11 October 2021, being the first day for acceptance of Applications for Offer Shares;
"Oversubscription"	means an occurrence where the aggregate number of Applications for Offer Shares is greater than the Sale Shares determined by the Selling Shareholder to be available to be sold and delivered to Applicants at the Offer Price, and following which the Selling Shareholder will allocate the Sale Shares and the Incentive Shares on a basis that addresses oversubscription as described in more detail in Section 8.6 (Allocation Policy) and Section 8.8 (Incentive Shares) of this Abridged Prospectus;
"Professional Investor"	means a Qualifying Applicant whose ordinary business or regular activity or investment objective involves the buying and selling of securities as principal or a fiduciary agent, and includes an underwriter, a bank, an insurance company, a fund manager, a broker, broker's representative, a dealer, dealer's representative and an investment adviser;
"Qualifying Applicant"	means a person who completes and submits an Application in accordance with the terms of this Prospectus and provided such person is: (a) a natural person who is 18 years or older (applying on his/her own behalf or on behalf of a minor); who is not located in the United States and who is not located in nor a national, resident or citizen of another Restricted Jurisdiction or (b) is a corporation, partnership or other unincorporated association which is incorporated, set up, established or resident in any jurisdiction (except a Restricted Jurisdiction), provided that such person (by applying for the Offer Shares) is not in contravention of any law applicable to him/her/it;
"Receiving Banks"	means Stanbic Bank Uganda Limited, Standard Chartered Bank Uganda Limited and Citibank Uganda Limited;
"Reporting Accountants"	means KPMG Certified Public Accountants, an accounting partnership registered in Uganda with registration number 94323 and licensed to practice accounting by the Institute of Certified Public Accountants of Uganda;
"Retail Investor"	means a Qualifying Applicant who is not a Professional Investor;
"Selling Shareholder"	means MTN International;
"Sale Shares"	means the number of Offer Shares which the Selling Shareholder determines ought to be allocated to a successful Applicant at the Offer Price, pursuant to the terms and conditions in Section 8.7 (Sale Shares) of this Abridged Prospectus, and which allocation may or may not result in a cash refund;
"Shares"	means the ordinary shares comprising the entire issued share capital of the Company with a par value of UGX 1 per share;
"SCD"	means the Securities Central Depository operated by the USE in accordance with the SCD Act and the Securities Central Depositories Regulations 2012;
"SCD Account"	means a securities account that holds the share securities of an investor and through which the investor is able to trade on the SCD;

Definitions	
"SCD Act"	Securities Central Depositories Act 2009;
"Transaction Adviser"	means SBG Securities Uganda Limited, a private company limited by shares and incorporated in Uganda with registration number 80020002774126 and licenced by the CMA to carry out the business of a stockbroker;
"UCC"	means the Uganda Communications Commission, a statutory body established under the Communications Act and responsible for the regulation of the communications sector in Uganda;
"Ugandan"	means a natural person who is a citizen of Uganda or a corporate entity incorporated under the laws of, and domiciled in, Uganda and in respect of which the direct or indirect controlling (over 50%) economic, ownership, voting or decision-making interest is held by a Ugandan citizen(s) as shall be affirmed by a statutory declaration to this effect or any other additional documents as may be required by the Selling Shareholder and the Transaction Adviser;
"UGX"	means Uganda Shilling, the official currency of Uganda;
"USE"	means Uganda Securities Exchange Limited, a public company limited by shares and licensed by CMA to conduct the business of a securities exchange;
"USSD"	means Unstructured Supplementary Service Data, a communications code (*1234#) used by mobile telephones to communicate with the mobile network operator;
"USE Easy-Portal"	means the online portal administered by USE that allows Applicants to apply for Offer Shares, open SCD Accounts and view those SCD Accounts; and
"USE Listing Rules"	means the Uganda Securities Exchange Listing Rules 2021, which set out the rules for admission to the Official List of the USE and the continuing obligations for listed entities.

5. Letter from the MTN Chairperson

Dear Investor,

On behalf of the Board, it is my pleasure to present this Abridged Prospectus to you in relation to the initial public offer of MTN.

MTN has had an incredibly positive journey in Uganda during which time it has contributed immensely to the country's economic and social development and growth in telephone density. MTN is inspired by the belief that everyone deserves the benefits of a modern connected life and is committed to changing lives by improving digital access, driving financial inclusion and broad community development under the theme **#We're Good Together**.

In 2009, MTN introduced MTN Mobile Money, and the social, cultural and economic impact of MTN Mobile Money has been profound, providing a sector-wide payment ecosystem, facilitating trade, credit, remittances, economic growth and financial inclusion in the process. On the social impact front, MTN has through the MTN Uganda Foundation improved the quality of life in communities across the country by supporting and implementing sustainable projects in youth empowerment, education, health and other national priorities.

The Offer and the Listing are being undertaken to comply with the requirements of the National Broadband Policy and the NTO Licence. The Offer is also being undertaken by MTN Group in pursuance of its objective to broaden Ugandan shareholding in MTN and provide an opportunity to Ugandan investors, including MTN's loyal customers, to own a stake in the Company and participate in its future growth. The Listing will have several benefits for all stakeholders, and MTN will have broader local ownership consistent with its philosophy of local stakeholder participation.

Having received a renewed mandate to continue providing market-leading telecommunications services and solutions to the people of Uganda through the NTO License, we are excited about the future prospects and growth potential of MTN and the opportunity to make an even greater contribution to the country's transformation by extending digital and financial inclusion to all areas of Uganda. The Company has had a 23-year legacy of investment in Uganda and we are committed to doing even more. The Company has established a sustainable platform for growth, from which we are able to meet the growing and dynamic needs of our customers, the communities in which we operate and our country. This platform has been built through a sustained focus on customer-centric delivery, striving to ensure that every subscriber gets as much value for their money as possible. We are grateful to our customers for their loyalty.



Mr. Charles Mbire
MTN Board Chairperson

This is an Abridged Prospectus, and the details of the Offer are set out in **Section 18 (Terms and Conditions of the Offer)** of the Full Prospectus. We also implore you to also review the Full Prospectus, including the risk factors in **Section 8 (Risk Factors)**, before making an investment decision.

On behalf of the Board, I look forward to welcoming you as a shareholder of MTN.

Charles Mbire
MTN Board Chairperson



6. Overview of MTN

6.1 Background and Nature of Business

MTN was incorporated under the now repealed Companies Act (Cap. 110) as a private company limited by shares on 25 February 1998. Following a successful international bidding process, MTN was awarded a second national operator license for 20 years, which expired on 20 October 2018. The Company's operating license has since been renewed under a new telecommunications licensing framework which came into force in 2019. MTN now holds the NTO Licence for 12 years.

MTN's primary corporate objective is to carry on the business of a national operator of a telecommunications network pursuant to the NTO Licence. MTN's core business comprises the provision of telecommunications services covering network services, digital and financial technology services, interconnect and roaming, sale of mobile devices and MTN Mobile Money (conducted through the Mobile Money Company).

MTN is a leading mobile operator in Uganda. According to the **UCC Market Report Q2 2021**, the number of telephone subscriptions in Uganda stood at 28,986,019 as of 30 June 2021. The Company's reporting data as of 31 December 2020 indicates that of these industry-wide subscriptions, 14.2 million are MTN customers, 4.6 million of which are 30-day active data subscribers. In the mobile money market, MTN has approximately 8.5 million active 30-day MTN Mobile Money subscribers.

In 2009, MTN pioneered mobile money business in Uganda and conducted that business alongside its telecommunications business until 2021 when, as a consequence of the enactment of the NPS Act, MTN was required to transfer the mobile money business to a wholly owned subsidiary. Following the completion of the licensing and structuring process prescribed by the NPS Act, the mobile money business was transferred to and is currently conducted by the Mobile Money Company with effect from 19 June 2021. The mobile money business continues to be a significant contributor to MTN's revenue.

MTN has a presence in all 134 districts of Uganda and has evolved from a telecommunications company providing value added services to a provider of an innovative range of products and services including voice, data, digital and mobile financial services delivered through a network of approximately 120,000 mobile money agents, 200 service stores and 14 main distributors.

6.2 MTN Vision and Values

MTN is a mobile operator at the forefront of technological and digital changes. The Company's belief, vision and purpose is driven by:

Vision:

To lead the delivery of a bold, new digital world.

Belief:

Everyone deserves the benefits of a modern connected life.

Ambition:

To achieve the leading number of subscribers, active data users and digital and mobile money users.

Aligned with MTN Group, the Company is driven by the belief that everyone deserves the benefits of a modern connected life, and the Company strives to connect societies through digital and financial inclusion. MTN believes that the Company's success is closely linked to inclusive socio-economic growth and development in Uganda. As a champion for Uganda, MTN believes that it has a pivotal role to play in addressing the considerable gaps in access to connectivity by driving mobile and internet adoption. It is the Company's belief that connectivity provides access to financial technology and digital solutions that pave the way for participation in economic activities and education, enhancing lives and strengthening communities.

6.3 NTO Licence

MTN's principal authorisation is the NTO Licence. Until 30 June 2020, MTN held a second national operator license for the operation of a telecommunications system and the provision of telecommunications services in Uganda. This initial license was valid for a period of 20 years from 20 October 1998 to 20 October 2018.

The Company's application for the renewal of its initial license coincided with an overhaul of the licensing framework relating to the telecommunications industry in Uganda. These changes followed the approval of the National Broadband Policy in 2018 and saw the issuance of a raft of regulations relating to the communications sector, notably the Uganda Communications (Fines and Fees) (Amendment) Regulations 2020, the UCC has indicated that MTN is required to comply with the listing obligation by 30 June 2022.

The Company's application for the renewal of its initial license coincided with an overhaul of the licensing framework relating to the telecommunications industry in Uganda. These changes followed the approval of the National Broadband Policy in 2018 and saw the issuance of a raft of regulations relating to the communications sector, notably the Uganda Communications (Licensing) Regulations 2019 under which the national telecommunications operator license category was created. Pending the renewal of its second national operator license, MTN was granted a number of temporary extensions for the conduct of its operations until the initial license was formally extended for a period of 12 years with effect from 1 July 2020. The NTO License will expire on 30 June 2032 and may be renewed at the UCC's discretion as further explained below.

MTN paid an upfront license fee of United States Dollars 100 million for the NTO Licence. The Company is also required to pay a levy of 2% of its gross annual revenues for the license term as the Company's contribution towards information and communication technology and rural communication development. Details of the salient terms of the NTO Licence are contained in the Full Prospectus.

6.4 MTN Mobile Money Uganda Limited

The Mobile Money Company is a wholly owned subsidiary of MTN and was incorporated on 27 November 2020. The Mobile Money Company was formed following the enactment of the NPS Act, which created licensing and structuring obligations that required a corporate reorganisation of MTN so as to achieve a segregation of functions as prescribed by Bank of Uganda.

The Mobile Money Company holds a Payment Systems Operator Licence Class A(I) and a Payment Service Provider Licence Class A (I) issued by Bank of Uganda. The licences is valid for an indefinite period until revoked by Bank of Uganda.

6.5 Background and Objectives of the Offer

The Offer and the Listing are being undertaken in accordance with MTN Group's objective to broaden Ugandan shareholding in MTN and provide an opportunity to Ugandan investors, including MTN's loyal customers, to own a stake in the Company and participate in its future growth.

In addition, the Offer and the Listing are being undertaken to comply with the provisions of the NTO License. The NTO License requires MTN to comply with the sector policy, regulations and guidelines requiring listing of a portion of its Shares on such terms and in such timelines as shall be contained in the policy, regulations and guidelines. In line with the Uganda Communications (Fines and Fees) (Amendment) Regulations 2020, the UCC has indicated that MTN is required to comply with the listing obligation by 30 June 2022.

MTN is committed to changing lives by improving digital access, driving financial inclusion and broad community development, in line with MTN Group's objective **#We're Good Together**. In support of this commitment and in addition to the regulatory obligation detailed above, MTN Group's intention is to broaden Ugandan shareholding in MTN and provide an opportunity to Ugandan investors to own a stake MTN and share in the success of the Company. By undertaking the Offer, MTN Group further seeks to contribute to the expansion of the Ugandan capital markets.

6.6 Share Capital Structure and History

MTN's share capital as of the date of this Prospectus is set out below.

Table 1: Authorised and issued share capital of MTN

	UGX
Authorised share capital:	
28,000,000,000 ordinary shares with a par value of UGX 1 each	28,000,000,000
Issued and fully paid share capital:	
22,389,044,239 ordinary shares with a par value of UGX 1 each	22,389,044,239

The Company was incorporated on 25 February 1998 with an authorised share capital of UGX 1,000,000 divided into 1,000 ordinary shares of UGX 1,000 each. On 18 January 1999 and 27 October 2003, the Company increased its authorised share capital to UGX 4,000,000 and UGX 5,000,000, respectively.

On 4 October 2008, the Company further altered its share capital to create 3,764 preference shares of UGX 8.45 each following a conversion of subordinated shareholder loans to equity. The preference shares were created as linked units for each issued ordinary share in the Company and were allotted to MTN International and Invesco Uganda Limited in accordance with the terms of a preference shares agreement entered into for this purpose. The preference shares were fully redeemed on 28 April 2012 and do not presently constitute part of the Company's share capital.

By a resolution of the Board passed on 12 August 2021 and a resolution of the Existing Shareholders passed on 20 August 2021, the following share capital alterations were approved:

- a) By a share sub-division, the Company created 5,000,000 ordinary shares at a re-denominated

par value of UGX 1 per share using a split ratio of 1,000:1 (1,000 new shares for every 1 share). After the share split, the Company's authorised share capital remained UGX 5,000,000 divided into 5,000,000 newly sub-divided ordinary shares of UGX 1 each, and the issued share capital was UGX 3,764,000 divided into 3,764,000 ordinary shares of UGX 1 each;

- b) By a share capital increase, the Company increased its authorised share capital from UGX 5,000,000 to UGX 28,000,000,000 by the creation of 27,995,000,000 new ordinary shares of UGX 1 each. Subsequently, the Company's authorised share capital became UGX 28,000,000,000 divided into 28,000,000,000 ordinary shares of UGX 1 each; and
- c) By a bonus share issue following the increase of the Company's authorised share capital in (b) above, 22,385,280,239 shares were allotted as fully paid to the Existing Shareholders in proportion to their respective shareholdings in the Company as of 20 August 2021 and the issued share capital following the bonus share issue became UGX 22,389,044,239 divided into 22,389,044,239 ordinary shares of UGX 1 each. For purposes of the bonus share issue, UGX 22,385,280,239 of the Company's retained earnings as of 30 June 2021 was capitalised.

6.7 Shareholding Structure

MTN's shareholders as at the date of this Abridged Prospectus are set out in the table below:

Table 2: Existing Shareholders before the Offer		
Shareholder	Number of ordinary Shares	Ownership
MTN International	21,496,813,464	96.014%
Charles Mbire	892,230,775	3.986%
Total	22,389,044,239 (out of 28,000,000,000 authorised shares)	100%

MTN's shareholding after the Offer will be:

Table 3: Shareholding after the Offer		
Shareholder	Number of ordinary Shares	Ownership
MTN International	17,019,004,616	76.014%
Charles Mbire	892,230,775	3.986%
Other shareholders	4,477,808,848	20%
Total	22,389,044,239 (out of 28,000,000,000 authorised shares)	100%

6.8 Consolidated Financial Summary

This section should be read together with the Reporting Accountants Report in Section 14 of the Full Prospectus.

The table below sets out the summarised statements of comprehensive income of MTN for the five years ended 31 December 2020 and the six months period between 1 January 2021 and ended 30 June 2021:

Table 4: Summary of statement of comprehensive income						
Twelve months ended 31 December						Six months ended 30 June
UGX'bn	2016	2017	2018	2019	2020	2021
Revenue	1,308	1,437	1,551	1,718	1,878	994
Gross profit	889	1,026	1,109	1,339	1,500	806
EBIDTA	385	503	557	809	929	512
Profit before tax	138	227	308	379	460	208
Profit after tax	96	153	220	269	322	131
Earnings per share	0.026	0.041	0.058	0.072	0.085	0.035 <i>(based on 3,764 issued shares)</i>

The summarised balance sheets of MTN for the five years ended 31 December 2020 and the six months period between 1 January 2021 and ended 30 June 2021 are as follows:

Table 5: Summary of balance sheet						
Twelve months ended 31 December						Six months ended 30 June
UGX'bn	2016	2017	2018	2019	2020	2021
Current Assets	691	595	720	738	887	1,049
Non-Current Assets	818	857	870	1,504	1,873	1,933
Total Assets	1,509	1,453	1,590	2,241	2,760	2,982
Current liabilities	917	891	977	985	1,202	1,428
Non-current liabilities	294	213	170	699	832	810
Equity	298	349	442	557	726	743
Total Equity and Liabilities	1,509	1,453	1,590	2,241	2,760	2,982

The summarised cash flow statements of MTN for the five years ended 31 December 2020 and the six months period between 1 January 2021 and ended 30 June 2021 are as follows:

Table 6: Summary of cash flow statement

	Twelve months ended 31 December					Six months ended 30 June
UGX'bn	2016	2017	2018	2019	2020	2021
Net cash used in / generated from operating activities	(149)	341	326	430	433	305
Net cash used in investing activities	(210)	(275)	(232)	(248)	(612)	(149)
Net cash generated from / (used in) financing activities	388	(57)	(41)	(160)	133	(66)
Net increase/ (decrease) in cash and cash equivalents	29	9	53	22	(46)	90
Cash and cash equivalents at the start of the period	19	40	45	93	109	59
Exchange losses on cash and cash equivalents	(8)	(3)	(5)	(5)	(4)	(12)
Cash and cash equivalents at the end of the period	40	45	93	109	59	137

6.9 Dividend History and Policy

In the last four full financial years, MTN has declared dividends as follows:

Table 7: Dividend payment history

Year	Dividend Per Share (UGX'mn)	Total Dividend Declared (UGX'bn)	Pay-Out Ratio
2020	40.65	153	47.6%
2019	41	154	57.3%
2018	33.5	126	57.4%
2017	27	102	66.6%

MTN's current dividend policy was approved by the Board on 2 November 2020. The policy provides that in the medium-term, MTN will target a dividend pay-out ratio of at least 60% of annual profits after tax.

The dividend pay-out ratio in any given year will be subject to Board discretion considering the Company's cash projections, business outlook, investment plans, capital markets conditions, solvency and liquidity, tax regulations and debt covenants. The Board may also vary the dividend pay-out ratio in a year if the accumulated reserves can accommodate an extra payment above the set ratio subject to cash availability and compliance with debt covenants.

MTN's policy is to consider declaring and paying dividends thrice a year as follows: a first interim dividend after the half-year results, a second interim dividend after quarter-three financial results and a final dividend in quarter-one following the release of the year-end results.

MTN has for the period ended 30 September 2021 paid two interim dividends totalling to UGX 230 billion. It is anticipated that the final dividend for 2021 will be paid in line with the policy following publication of the Company's 2021 annual financial statements. In determining a final dividend for 2021, the Directors will take the following factors into account:

- a) the interim dividend(s) already paid;
- b) the Company's cash flow and liquidity requirements;
- c) debt covenants; and
- d) the prevailing capital market conditions.

The new shareholders will be entitled to participate in any final dividend declared.

In accordance with the USE Listing Rules, dividends that are approved shall be paid within 21 days of the books closure date.

Dividends paid are subject to withholding tax, which is borne by the shareholder. Dividend payments to resident shareholders will attract withholding tax of 10% of the gross amount, while dividend payments to non-resident shareholders will ordinarily attract withholding tax of 15% of the gross amount. For non-resident shareholders, double taxation relief may apply where Uganda has double taxation arrangements with the country of residence of a particular non-resident shareholder, in which case the withholding tax rate would be 10%. Applicants are advised to seek appropriate advice in this regard

6.10 Profit Forecast

The projections below are based on MTN management's prudent assumptions and have been prepared on the basis of the accounting policies used in previous years as set out in the Reporting Accountants Report in **Section 14** of the Full Prospectus.

Table 8: Summary of forecast for 12 months ending 31 December 2021

Twelve months ending 31 December 2021 (UGX'bn)	
Revenues	2,065
EBITDA (IFRS 16)	1,059
Profit before tax	467
Profit after tax	325
Earnings per Share (based on issued share capital of 22,389,044,239)	UGX 14 per share

The forecast in Table 8 above is based on and subject to the assumptions listed in the Full Prospectus.





7. Risk Factors

An investment in MTN entails certain risks. The Company's operating results, financial condition and prospects could be materially and adversely affected by any of the risks described below. Section 8 of the Full Prospectus contains more detailed information of these risks. You should carefully consider the risks and uncertainties described in the Full Prospectus, together with all other information contained in the Full Prospectus before making any investment decision.

7.1 MTN Specific Risk Factors

- 7.1.1 MTN's telecommunications licences, permits and frequency allocations are subject to finite terms, ongoing review and periodic renewal. The terms of MTN's NTO License and radio spectrum authorisations are subject to limited, defined terms, ongoing review and periodic renewal and, in some cases, are subject to modification by the UCC. While MTN does not expect that it will be required to cease operations at the end of the term of the NTO Licence, there can be no assurance that MTN will be given a new NTO License or equivalent licence or that a new license will be on equivalent or satisfactory terms, or at all. The NTO License provides for an exit process in the event of the termination of the license. Even though the NTO License provides for a compensation mechanism in the event of expiry or revocation, there is no guarantee that the compensation assessed by the UCC will be adequate in view of the investment made by MTN over the term of the NTO License.
- 7.1.2 The Company may experience a failure or interruption in the operations of its networks, gateways to its networks or the networks of other operators. MTN is dependent, to a significant degree, on the uninterrupted operation of its telecommunications networks to provide its services. A failure in the operations of the Company's networks, gateways to the Company's networks or the networks of other operators could adversely affect the Company's business, financial condition, results of operations and prospects. MTN has a comprehensive business continuity and disaster recovery plan in place to minimize service downtimes and ensure continual services to the Company's clients. Even though this framework is comprehensive, the Company cannot be certain that the business continuity management and disaster recovery plans will always minimize the downtimes envisaged.
- 7.1.3 The Company's operations may be hampered by insufficiency of essential communications resources. The sustainability of the Company's operations and quality of service to customers is wholly dependent on the quality and quantity of radio spectrum allocated to it by UCC. Radio spectrum is a scarce finite resource that is planned for and allocated at the discretion of the regulator and for a defined period. At present, the Company's radio spectrum holdings can only viably enable it to provide voice services and minimal data to some sections of the country. MTN is entitled to apply for spectrum but is not guaranteed allocation. Allocation of essential resources is subject to availability and MTN's service plans.
- 7.1.4 MTN faces competition from other traditional and non-traditional operators in the telecommunications sector. Although MTN is a leading wireless network operator, the Company faces stiff competition, particularly with respect to pricing, across its segments and this may adversely affect the Company's revenue and margins. Non-traditional players also continue to enter the market, providing highly-nuanced and multi-dimensioned competition in the process, and these non-traditional players pose a threat to traditional telecommunications revenue streams such as pre-paid mobile voice services and text messages.

- 7.1.5 The Company's growth in revenue from voice services is expected to decline but will be off-set by growth in data service revenue. Revenue from voice services accounted for approximately 50% of the Company's revenues for the year ended 31 December 2020, and voice revenue is forecasted to continue dominating the Company's total revenue in the medium-term as mobile voice penetration increases in Uganda's youth, semi-urban and rural markets. However, demand for traditional paid voice services is in decline across the telecommunications industry globally.
- 7.1.6 The Company's business may be harmed by any decline in demand for or revenue from data services or digital services. In recent years, there has been an increase in demand for data and digital services, driven primarily by rising smartphone and tablet penetration and usage, usage of video and other multimedia services, as well as improvements in mobile network capability across Uganda. Although the Company has identified data revenue as one of the most important drivers for future profit growth and is investing in and upgrading its infrastructure and consumer offerings in response to this trend, there can be no assurance that demand for data will continue to grow at its current pace or at all.
- 7.1.7 MTN must continue to provide products or services that are technologically current and otherwise useful and in demand to its customers. MTN's commercial success depends on its ability to provide services such as mobile voice, data access and digital services to its customers at a competitive cost. Many of the services offered by the Company are technology-intensive and the development or acceptance of new technologies may render such services non-competitive, replace such services or reduce prices for such services.
- 7.1.8 MTN is dependent on third parties for the supply of certain of the Company's services. The telecommunications industry depends on certain key service providers and suppliers and there is a significant risk of disruption to the Company's operations in the event of a key supplier's failure or its inability to deliver. The Company does not have direct operational or financial control over its key equipment providers and key service providers and has limited influence with respect to the manner in which these counterparties conduct their businesses.
- 7.1.9 Failure in MTN's information and technology systems could result in interruptions of the Company's business operations. Although the Company's critical systems are designed with high availability to avoid any downtime, any failure or breakdown in these systems could interrupt the normal business operations and result in a significant slowdown in operational and management efficiency for the duration of such failure or breakdown.
- 7.1.10 A computer system failure, security breach or cyber-attack could significantly disrupt the Company's ability to operate its business: MTN is increasingly exposed to the risk that third parties or malicious insiders may attempt to use cyber-crime techniques to disrupt the availability and confidentiality of customers' and Company data, as well as the integrity of the Company's information technology systems, which could result in disruption to key operations, make it difficult to recover critical services, damage assets and cause customers' to suffer financial loss. The Company continues to invest in its information security systems and controls in response to cyber-crime and fraud threats and seeks to ensure controls for known threats remain robust. However, the Company cannot be certain that its information security infrastructure and controls will prove effective in all circumstances.
- 7.1.11 The Company operates a large distribution and channel partner network and is reliant on good working relationships with its third-party agents. The Company sells its services through third-party channels, which includes approximately 200 service stores, 14 main distributors and approximately 120,000 active mobile money agents. The formation and maintenance of good working relationships with retailers, agents and dealers is important to ensure that both the Company's policies in respect of know-your-customer procedures and other safeguards designed to prevent the occurrence of fraud and money laundering are implemented, and the Company's brand is represented consistently across its network.

7.1.12 MTN faces certain risks associated with its mobile money business. After a considerable period of deliberation, the NPS Act, the law governing mobile money services, was enacted in 2020. Thus, the law is new and evolving and, as they develop, regulations could potentially become more onerous either by imposing additional licensing, reporting, pricing or control requirements or by limiting the Company's flexibility to design or implement new products. Mobile money services also involve cash handling, exposing the Company to the risk of fraud and money-laundering. While the Company has introduced enhanced controls, including segregation of duties and other technical restrictions, the risk of fraudulent activity cannot be eliminated completely.

7.1.13 The Company's telecommunications business requires financing for substantial capital investment: MTN operates in a capital-intensive industry that requires a substantial amount of capital and other long-term expenditures, including those relating to the development and acquisition of new networks and the expansion or improvement of existing networks, facilities, information technology and intangible assets. Further, currency fluctuations or the scarcity of foreign currency may result in the Company being unable to make anticipated capital expenditures in the future.

7.1.14 The Company's finance costs could be increased by fluctuations in interest and exchange rates and other external factors. MTN's finance costs are highly sensitive to many factors beyond its control, including interest rates, exchange rates, monetary policy and the fiscal policies adopted by GOU from time to time.

7.1.15 The Company is exposed to a variety of legal or regulatory proceedings. MTN is subject to numerous risks relating to legal and regulatory proceedings to which it is currently a party, or which could develop in the future. The Company's involvement in litigation and regulatory proceedings may adversely affect its reputation and potentially result in significant costs. Furthermore, litigation and regulatory proceedings are unpredictable.

7.2 Risks Related to the Sector Regulatory Environment

7.2.1 MTN is exposed to changes in relevant and applicable Ugandan laws, regulations or policies. The UCC is the independent regulatory authority for the telecommunications industry in Uganda. The UCC is charged with the responsibility of regulating the supply of telecommunications services and facilities, promoting competition, and setting performance standards for telecommunication services in the country. Regulatory actions by the UCC have had, and may have in the future, a significant impact on the Company's business, financial condition, results of operations and prospects.

7.2.2 The Company's faces current and future antitrust and competition laws. Competition regulations and related regulatory policies in Uganda generally favour increased competition in the telecommunications industry and may potentially prohibit MTN from engaging in particular legitimate practices in view of the fact that the Company enjoys a significant market share of the telecommunications market. Further, violations of competition laws and policies could expose the Company to regulator enforcement action.

7.2.3 MTN is exposed to SIM-box and bypass fraud. The Company loses a portion of its annual revenue to fraudulent and illegal services, particularly bypass and SIM-box fraud. SIM-boxes hijack international voice calls and transfer them over the internet to a cellular device, which injects them back into the cellular network. As a result, the calls become local at the destination network and the operators of the intermediate and destination network do not receive payments for the call routing and termination. In collaboration with other operators in Uganda, the Company has committed resources to fight bypass and SIM-box fraud and has deployed various fraud management and software tools. The Company also continues to engage various governmental entities for support. Despite these initiatives, the incidence of bypass and SIM-box fraud is expected to continue for the foreseeable future.

7.2.4 The Company is exposed to electricity shortage, grid unreliability and underdeveloped infrastructure. Even though Uganda uniquely enjoys a surplus generation of power with installed capacity of approximately 1,252 MW against system peak demand of approximately 728 MW, a noted decline in the reliability of the electricity transmission and distribution grid network has led to frequent power shortages, leading to high energy consumption costs (diesel fuel).

7.3 General Business Risks

7.3.1 In terms of strategic risk, MTN's strategy is principally centered around becoming a fully-fledged digital platform as a business and aligns with the strategy adopted by MTN Group. In the medium-term, MTN Group will work towards the implementation of its **Ambition 2025** strategy, including strategically repositioning its infrastructure assets and platforms (financial technology, fibre and data centres, among others) from its core telecommunications business, to reveal the value for MTN shareholders. The execution of the Company's strategy may be impacted by factors beyond its control, such as volatility in the local and global economy. The separation of the financial technology and infrastructure business will be undertaken on an arms' length basis and in line with market standard ensuring equitable treatment of minority shareholders.

7.3.2 In terms of operational risk, financial loss may arise from a wide variety of causes associated with failure of, or inadequacy in, MTN's systems, processes and human resource or from external events.

7.3.3 In relation to compliance risk, MTN operates in a highly regulated environment. The introduction of, changes in, or the inconsistent or unpredictable application of laws or regulations from time to time, may materially affect the operations of the Company, and ultimately the earnings of the Company. There is no assurance that the regulatory environment will support any increase in business and financial activity of the Company.

7.3.4 Financial risk is the probability that MTN's profitability, liquidity and solvency may be at risk of falling below acceptable levels or falling to levels which threaten the Company's viability as a going concern by failure to adopt appropriate financial controls, mechanism, policies and procedures.

7.3.5 With respect to the capital adequacy risk, the primary objective of the Company's capital management plans is to ensure that the Company and the Mobile Money Company maintains a strong credit rating and healthy capital ratios to support its business and maximise shareholder value. The Company's policy on capital optimization will be particularly critical for the Mobile Money Company going forward.

7.3.6 In terms of market risk, changes in market prices of goods, services, credit facilities and currencies in which MTN deals may affect its income. Uganda is vulnerable to international oil and commodity price changes. Such changes introduce market risks including liquidity risks, inflation, and commodity price volatilities.

7.3.7 Credit risk is the risk of financial loss to the Company due to failure by counterparties to honour their financial obligations to MTN. This could manifest in delays or failure to meet payment obligations by fixed line and post-paid subscribers of the telecommunications business, distributors and enterprise and business customers having to close their businesses as a result of challenging macro-economic conditions or default on loan obligations under the mobile loan products offered by the Company.

7.3.8 With regard to product liability risk, the public perception of possible health risks associated with cellular and other wireless communications technology could negatively impact the demand for wireless services, which could in turn lead to a reduction in MTN's revenue or to a decline in the Company's revenue growth. The potential connection between radio frequency emissions and certain negative health effects as a result of mobile phone use has been the subject of substantial study. So far, no evidence of any link has been established.

- 7.3.9 The Company has policies and procedures designed to assist compliance with applicable laws and regulations relating to anti-bribery, corruption and anti-money laundering. The policies and procedures specifically address facilitation payments, gifts and hospitality, engagement with public officials, political donations, lobbying and charitable donations. MTN undertakes reviews of its internal compliance policies and procedures to ensure their ongoing effectiveness but can make no assurance that the policies and procedures, even if enhanced, will be followed at all times or will effectively enable detection and prevention of all violations of the applicable laws.

7.4 Risks Related to Uganda

- 7.4.1 The Company is exposed to political, economic, social and climate change developments in Uganda and neighbouring countries. The operations and financial results of the Company and the market price and liquidity of the Shares may be affected by GOU policy or taxation of earnings or political, social, economic or other developments in or affecting Uganda, including terrorist attacks.
- 7.4.2 The Company is exposed to policy changes in Uganda that could ultimately lead to changes in the regulatory environment. GOU has considerable power to determine governmental policies and actions that relate to the Ugandan economy and, consequently, affect the operations and financial performance of businesses in Uganda.
- 7.4.3 MTN is exposed to changes to tax laws and differences in the interpretations and application of tax laws. The Company faces tax compliance challenges due to complexity of transactions and transfer pricing risks inherent in its dealings and contracts with related parties. Future actions by GOU to increase tax rates or impose additional taxes would reduce MTN's profitability. Revisions to tax legislation or to its interpretation might also affect the Company.
- 7.4.4 The Company is exposed to sustained periods of high domestic inflation. Although tighter monetary policies instituted by Bank of Uganda may help to curb inflation and ensure that consumer demand and consumption is boosted and drives economic growth, there can be no assurance that inflation will remain at current levels or that the inflation rate will not rise in the future.

7.5 Risks Related to the Offer and the Shares

- 7.5.1 There is no existing market for the Shares and an active trading market for the Shares may not develop or be sustained. Prior to Listing, there has been no public trading market for the Shares and MTN can give no assurance that an active trading market for the Shares will develop.
- 7.5.2 Shares are subject to price fluctuations. Investments in shares held in capital markets are always subject to price fluctuations. There can be no guarantee that the price of the Shares will not fluctuate either upwards or downwards.
- 7.5.3 MTN Group, will, after the Listing, retain over 75% of the Shares, giving it a substantial amount of management control over the Company. MTN Group is expected to continue to be able to exercise control or influence over the Company's management and affairs and while MTN Group is not obligated to provide the Company with financial support or to exercise its rights as a majority shareholder in the Company's best interests or in the best interests of the Company's minority shareholders, MTN Group re-assures that the Company shall always remain committed to and apply the highest standards of governance.
- 7.5.4 Shareholders may be subject to exchange rate risk The Shares are, and any dividends to be paid in respect of them will be, denominated in UGX. An investment by an investor whose principal currency is not UGX exposes the investor to foreign exchange risk.
- 7.5.5 Allocation of the Offer Shares may take longer than expected due to high subscription rates, limited order processing capacity, mechanical breakdown, delays in opening SCD Accounts and/or clerical error.
- 7.5.6 MTN cannot guarantee making dividend payments in the future. The declaration, payment and amount of any future dividends of MTN are subject to applicable law and the discretion of the Board, and will depend on, among other things, MTN's earnings, financial position, cash requirements, solvency and liquidity, debt covenants and availability of profits and distributable reserves.



8. Key Terms and Conditions of the Offer

8.1 Offer Timetable

Table 9: Offer timetable		
Activity	Date	Time
Offer opens	11 October 2021	10.00 a.m.
Offer closes	22 November 2021	4.00 p.m.
Announcement of allocation results	3 December 2021	4.00 p.m.
Crediting of Offer Shares to SCD Accounts of successful Applicants	3 December 2021	4.00 p.m.
Dispatch of SCD Account statements to successful applicants	3 December 2021	4.00 p.m.
Refund of excess Application funds in the event of Oversubscription	3 December 2021	4.00 p.m.
Date of listing and commencement of trading on the USE	6 December 2021	9.30 a.m.

The Offer timetable and, in particular, the Offer period are subject to amendment and extension if proposed by the Selling Shareholder and consented to by the CMA and the USE. Any such amendment or extension will be announced publicly through a press statement. All times throughout this Prospectus refer to East African Standard time.

8.2 Where to Obtain Full Prospectus and Application Form

The Prospectus is available by electronic download at the following link: <https://www.mtn.co.ug/investors>

A toll-free helpline number 0800-250-250 and email tps@stanbic.com and info@use.or.ug has been established to support potential investors with the Application process.

8.3 SCD Account Requirement

The Company's Shares shall be held in dematerialised form by which, in accordance with the SCD Act, evidence of ownership of shares listed by a company on an authorised stock exchange shall be through a book-entry accounting record that is reflected on an electronic account opened and operated by the respective shareholder. No physical or paper certificates shall be issued as evidence of ownership of Shares in the Company.

In order for an Applicant to receive an allocation of Offer Shares, the Applicant must have a SCD Account. Applicants who already have an SCD Account should indicate their SCD Account number when prompted and proceed with the Application process. If an Applicant does not have a SCD Account, they must complete the SCD Account opening process using one of the below channels:

a) SCD Account opening through the m-IPO Platform:

This option to open a SCD Account is only available to Eligible MTN Customers.

Dial ***165*65#** or open the **MyMTN App** on a mobile phone device. Select the option to create an SCD Account and enter a valid NIN.

Once the NIN is validated and confirmed that no SCD Account exists for this NIN, the Applicant will be requested to select an Authorised Selling Agent listed as a broker/dealer. Upon selection of an Authorised Selling Agent, the Applicant will be prompted to review and accept applicable terms and conditions. The Applicant will consent to the creation of the SCD Account by submitting their MTN Mobile Money personal identification number.

Shortly after completion of the above detailed process, a unique Application identification number will be generated, and upon validation, an SCD Account will be created, and associated details communicated to the Applicant via a text message.

b) SCD Account opening through the USE Easy Portal:

Access the USE Easy Portal at <https://scd.use.or.ug>. For new users without a registered account, follow the instructions on the webpage to create a new USE Easy Portal account, by submitting a name, email address and password.

For registered USE Easy Portal users without a SCD Account, click the “Link / Create SCD Account” button and follow the instructions as prompted. The SCD Account application form requires bio data, contact information, broker information and bank information for payments. Once the form is submitted, the SCD Account information will be communicated to the Applicant via a text message.

c) SCD Account opening through the Authorised Selling Agents:

An Applicant may open an SCD Account through an Authorised Selling Agent. The Applicant will be required to complete the appropriate SCD Account opening form and the broker’s know-your-customer form. The know-your-customer form will enable the broker to open an SCD Account for the Applicant.

Applicants may choose to apply through the available online channels of certain Authorised Selling Agents. Those Authorised Selling Agents will provide soft copies of the SCD application form and the Authorised Selling Agents’ know-your-customer forms. Applicants must also provide the required know-your-customer eligibility documents to the Authorised Selling Agents.

8.4 Offer Shares Application Procedure

Only Qualifying Applicants who hold SCD Accounts can apply for the purchase of the Offer Shares. A Qualifying Applicant may apply to purchase Offer Shares electronically by using the m-IPO Platform, electronically by accessing USE Easy-Portal or, in the event that an Applicant has no access to the options listed above, by completing and submitting the Application Form to any Authorised Selling Agent.

8.4.1 How to apply – m-IPO Platform

The option to apply for Offer Shares using your mobile phone is limited to Eligible MTN Customers. The Application process may be completed by dialing ***165*65#**, or by using the **MyMTN App**.

Applicants should dial ***165*65#** or open the **MyMTN App** on a mobile phone device and then select the “Uganda Securities Exchange” option and enter a valid SCD Account number.

Once the SCD Account number is validated, the Applicant will be prompted to select an Authorised Selling Agent and to enter the number of Offer Shares to be purchased. The Applicant will authorise the transaction by submitting their MTN Mobile Money personal identification number. Upon completion of the steps detailed above, the Application will be submitted. The Applicant will receive a text message containing the unique Application identification number.

Payments made via MTN Mobile Money will be subject to the MTN Mobile Money terms and conditions prevailing as of the date of this Prospectus. In addition, a daily transactional limit of UGX 5 million will apply in line with the terms and conditions applicable to MTN Mobile Money.

8.4.2 How to apply – USE Easy-Portal

An Applicant will access the USE Easy-Portal webpage <https://scd.use.or.ug/> and log-in. In the event

that the Applicant does not have an existing USE Easy-Portal account, the Applicant should click the link to “Create an account” and follow the prompts.

Once successful, the Applicant should click the “Offer Application” button and populate the required fields, which include the designated Authorized Selling Agent, number of Offer Shares to be purchased, payment reference number and preferred refund channel. The Applicant should then click the “Submit” button. Upon completion of these steps detailed above, the Applicant will receive a text message containing the unique Application identification number.

On request by an Applicant, an Authorised Selling Agent can assist to complete and submit Applications on a dedicated broker interface on the USE Easy-Portal.

8.4.3 How to apply – submission of Application Form

Application Forms can be obtained from any Authorised Selling Agent or downloaded from the following link: <https://www.mtn.co.ug/investors>

Applicant wishing to apply for Offer Shares must complete the Application Form (including providing the SCD Account details) and return it to any one of the Authorised Selling Agents by the Closing Date.

8.5 Payment Terms and Refunds

Each Application submitted must be accompanied by payment of an amount equivalent to the aggregate price of the number of Sale Shares applied for by the Applicant. Payment may be in the form of:

- a) if applying via an Application Form or the USE Easy Portal, cash deposit into the account of a Receiving Bank or Authorised Selling Agent, as designated;
- b) MTN Mobile Money if applying through the m-IPO Platform;
- c) a valid banker’s draft/cheque drawn on a commercial bank licensed in Uganda in favour of the MTN Offer Share Account for applications made using an Application Form;
- d) electronic funds transfer to the bank account of an Authorised Selling Agent, as designated, if using an Application Form;

- e) any other recognised means on payment to the account of the Authorised Selling Agent or the Receiving Bank, as designated if using an Application Form; and
- f) or Professional Investors, an irrevocable on demand bank guarantee from a commercial bank licensed in Uganda, in the format required by the Selling Shareholder and valid for up to 30 days after the Closing Date.

If any Application is not accepted or is accepted for fewer Offer Shares than applied for, the balance of the amount paid on the Application will be refunded without interest with effect from 3 December 2021 (the date of announcement of the Offer allocation results). Refunds will be completed within 14 calendar days of 3 December 2021 and will be made on the following terms:

- a) in the case of Applications submitted through the m-IPO Platform, to the affected Applicant via the MTN Mobile Money account from which the amount paid for the Offer Shares applied for was drawn;
- b) in the case of Applications submitted through the USE Easy-Portal, to the affected Applicant via the refund channel nominated while populating the Application; and
- c) in the case of Applications made by the Application Form, to the bank account nominated by the Applicant for that purpose in the Application Form.

8.6 Allocation Policy

The responsibility for allocating the Offer Shares lies with the Selling Shareholder taking into consideration the recommendation of the Transaction Adviser. In order to prioritise Applications from Ugandan Retail and Professional Investors, Applications will be considered in the following order:

- a) first, satisfy all duly completed Applications from Ugandan Retail Investors and Eligible Employees;
- b) second, satisfy all duly completed Applications from Ugandan Professional Investors;

- c) third, satisfy all duly completed Applications from Applicants from other East African Community Partner States; and
- d) fourth, satisfy all duly completed Applications from Foreign Investors.

In the event of Oversubscription:

- a) Ugandan Retail Investors making Applications for Offer Shares of an aggregate minimum value of UGX 5 million will be allocated the full number of Offer Shares for that minimum value applied for along with that number of Incentive Shares that they are entitled to, subject to the total number of Offer Shares available; and
- b) All Applications for Offer Shares in excess of an aggregate minimum value of UGX 5 million in the case of Retail Investors will be allocated Offer Shares and corresponding Incentive Shares on a *pro rata* basis as determined by the Selling Shareholder in accordance with the allocation priority stated above and in such a way that persons within the same category of Applicants shall be treated in a fair and equal manner with regard to their Applications.

Existing Shareholders shall not participate in the Offer.

8.7 Sale Shares

In the event that the Selling Shareholder accepts an Application in full, then the relevant Applicant shall be allotted the full number of Offer Shares applied for in the Application and the full cash payment which accompanied the Application shall be deemed paid and collected in respect of the Offer Shares allocated to such Applicant.

In the event that the Selling Shareholder only partly accepts an Application, then the Applicant shall be entitled to fewer Offer Shares than applied for in the Application, and the Applicant shall be entitled to a refund of the balance of the payment which accompanied the Application in respect of which Offer Shares were not allocated.

8.8 Incentive Shares

As part of the Offer, the Selling Shareholder will transfer Incentive Shares at nil cost to the categories of Qualifying Applicants that apply for and are allocated the Sale Shares as set out below. Accordingly, eligible Applicants will receive an allocation of Sale Shares which the Applicants will be required to pay for and, in addition, an allocation of Incentive Shares which the Applicants will not pay for. The number of Incentive Shares to be transferred to each eligible Applicant will be determined and distributed as follows:

Table 10: Allocation of Incentive Shares

Number of Sale Shares allocated to Qualifying Applicant	Number of Incentive Shares to be allocated
Uganda Retail Investors	5 Incentive Shares for every 100 Sale Shares allocated
East African Retail Investors	5 Incentive Shares for every 100 Sale Shares allocated
Eligible MTN Customers applying through the m-IPO Platform and paying through MTN Mobile Money	5 Incentive Shares for every 100 Sale Shares allocated (in addition to the general Uganda Retail Investors incentive above)
Ugandan Professional Investors applying for Sale Shares of minimum value of UGX 3.5 billion	5 Incentive Shares for every 100 Sale Shares allocated
East African Professional Investors applying for Sale Shares of minimum value of UGX 3.5 billion	5 Incentive Shares for every 100 Sale Shares allocated
Ugandan Professional Investors applying for Sale Shares of minimum value of UGX 177 billion	10 Incentive Shares for every 100 Sale Shares allocated
East African Professional Investors applying for Sale Shares of minimum value of UGX 177 billion	10 Incentive Shares for every 100 Sale Shares allocated

In the event of Oversubscription, Applicants making Applications for Sale Shares of an aggregate value of UGX 5 million will be allocated the full number of Sale Shares applied for along with that number of Incentive Shares that they are entitled to, but subject to the total number of Offer Shares available. All Applications for Sale Shares in excess of an aggregate value of UGX 5 million will be allocated Sale Shares and corresponding Incentive Shares on a *pro rata* basis.

8.9 Purchase of Offer Shares by Eligible Employees

Eligible Employees participating in the Offer will be entitled to a cash subsidy that is equal to 10% of the aggregate amount payable for the Offer Shares allocated to an Eligible Employee. The maximum amount payable as the 10% cash subsidy is the equivalent of three months' gross salary of the Eligible Employee as at the date of the Prospectus.

Every Eligible Employee participating in the Offer will pay in full for the number of Offer Shares applied for at the point of submitting an Application. Thereafter, following the completion of allocation procedures and the Listing, the participating Eligible Employee will receive the 10% cash subsidy from MTN. The cash subsidy will be financed in full by MTN, the employer.

Eligible Employees should note that there are likely tax implications for each Eligible Employee who benefits from all or part of the employee discount described in this section. As such, Eligible Employees who wish to take advantage of the employee discount should seek tax advice prior to completing the relevant portion of the Application Form relating to their employee status.

Any restriction or conditions determined by the Board in connection with employee participation in the Offer may be imposed before or after the Closing Date and shall be communicated to the participating Eligible Employees. Applicants who are Eligible Employees and wish to take advantage of the employee cash subsidy should indicate their status as employee when submitting an Application.

8.10 Governing Law

This Prospectus and any contract resulting from the acceptance of an application to purchase Offer Shares shall be governed by and construed in accordance with the laws of Uganda, and it shall be a term of each such contract that the parties thereto and all other interested parties submit to the exclusive jurisdiction of the courts of Uganda.

Appendix A: Authorised Selling Agents

Authorised Selling Agents



SBG Securities Uganda Limited

Crested Towers, 4th Floor
Plot 17, Hannington Road
KAMPALA

Contact: Mr. Joram Ongura
Telephone: 256 312 224 965
Email: sbgstrading@standardbank.com



Dyer & Blair Uganda Limited

Rwenzori House, Ground Floor
Lumumba Avenue
KAMPALA

Contact: Ms. Cynthia Mbaru
Telephone: 256 414 233 050
Email: sharesuganda@dyerandblair.com



Crested Capital

Impala House, 1st Floor
Plot 13/15 Kimathi Avenue
KAMPALA

Contact: Mr. Robert Baldwin
Telephone: +256 393 230 900
Email: info@crestedcapital.com



Equity Stock Brokers U) Limited

Orient Plaza
Plot 6/6A, Kampala Road
KAMPALA

Contact: Ms. Christine N. Muramuzi
Telephone: +256 417 719 102
Email: equity@orient-bank.com



UAP Old Mutual Financial Services Uganda Limited

UAP Nakawa Business Park, Block A
KAMPALA

Contact: Mr. Simon Mwebaze
Telephone: +256 414 332 824
Email: clientrelationsufs@uap-group.com

“Everybody deserves
the benefits of a modern
connected life”





MTN Uganda Limited

Plot 69/71, Jinja Road,
Kampala